

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

BAC1044 – PRINCIPLES OF ACCOUNTING

(All sections / Groups)

7 October 2022

9.00 am – 11.00 am

(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of 6 printed pages excluding cover page with 4 questions only.
2. Answer **ALL** questions. Marks are shown at the end of each question.
3. Answer in the answer booklet provided.

QUESTION 1

The following balances have been extracted from the books of Jun Jee Berhad as at 31 December 2021.

	Debit RM	Credit RM
Land	300,000	
Equipment	120,000	
Motor vehicles	130,000	
Fixed deposit	200,000	
Cash	140,000	
Retained earnings, 1 Jan		143,400
6% Loan, 15 years		300,000
Share capital-ordinary		400,000
Accumulated depreciation-Motor vehicles		26,000
Purchases and Sales	300,000	600,000
Return inwards and Return outwards	1,200	2,100
Discount allowed and Discount received	3,200	2,400
Carriage inwards	1,700	
Inventory, 1 Jan	54,000	
Account receivables and Payables	40,000	60,000
Salary and wages expense	75,000	
Rent expense	10,100	
Maintenance expense	8,700	
Interest on fixed deposit		10,000
Dividends	160,000	
	1,543,900	1,543,900

Additional information:

1. Closing inventory at 31 December 2021 was valued at RM90,000.
2. Salaries and wages paid in advance were RM3,500.
3. A rent expense of RM450 was accrued for the year.
4. The interest on loan has not been paid for the year.
5. Depreciation is to be charged as follows:

Equipment	10% on reducing balance method.
Motor vehicles	20% on straight line method.

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Required:

- a) Prepare the statement of profit or loss for the year ended 31 December 2021.
(10 marks)
- b) Prepare the retained earnings statement for the year ended 31 December 2021.
(3 marks)
- c) Prepare the statement of financial position as at 31 December 2021.
(12 marks)

[Total 25 marks]**QUESTION 2****PART A**

Selected financial statement data for Cheng Ho Berhad are presented below.

	2021	2020
Current Assets	RM	RM
Inventory	170,000	130,000
Account receivable	200,000	160,000
Short-term investments	50,000	36,000
Cash	40,000	60,000
Total current liabilities	200,000	180,000

During 2021, net sales were RM950,000, and cost of goods sold was RM570,000.

Required:

Indicate the following liquidity ratios at December 2021:

- a) Current ratio.
b) Acid-test ratio.
c) Accounts receivable turnover ratio.
d) Inventory turnover ratio.
(8 marks)

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PART B

The comparative statement of financial position for Fahmi Berhad appear below:

Comparative Statement of financial position 31 December		
	2021	2020
	RM	RM
Assets		
Equipment	132,500	121,250
Accumulated depreciation - Equipment	(23,500)	(26,000)
Long-term investments	70,000	57,000
Prepaid insurance	10,700	13,000
Account receivable	56,250	51,425
Inventory	46,400	16,500
Cash	54,125	24,200
Total Assets	<u>346,475</u>	<u>257,375</u>
Liabilities and Equity		
Account payable	56,000	33,650
Salary payable	6,800	8,500
Bond payable	55,000	75,000
Share capital- ordinary	110,000	87,500
Retained earnings	118,675	52,725
Total liabilities and equity	<u>346,475</u>	<u>257,375</u>

Statement of profit or loss For the year ended 31 December 2021		
	RM	RM
Sales revenue	197,840	
Add: Gain on disposal of plant assets	<u>2,500</u>	200,340
Less:		
Cost of goods sold	67,730	
Operating expenses, excluding Depreciation	6,205	
Depreciation expense	22,500	
Income tax expense	13,640	
Interest expense	<u>2,365</u>	112,440
Net income		<u>87,900</u>

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Additional information:

1. A cash dividend of RM21,950 was paid during the year.
2. Bond payable matured and were paid off at face value for cash.
3. New equipment costing RM40,000 was purchased for cash during the year.
4. Old equipment having an original cost of RM28,750 and accumulated depreciation of RM25,000 was sold for RM6,250.

Required:

Prepare a statement of cash flows for the year ended 31 December 2021 using the indirect method.

(17 marks)

[Total 25 marks]

QUESTION 3

Cristine Berhad is a manufacturer of smartphones. Its controller resigned in August 2022. An inexperienced assistant accountant has prepared the statement of profit or loss for the month of August 2022.

Cristine Berhad Statement of profit or loss For the month ended 31 August 2022		
	RM	RM
Sales revenue		39,000
Less: Operating expenses		
Raw material purchases	13,200	
Direct labour cost	9,500	
Advertising expense	4,500	
Selling and administrative salaries	3,750	
Rent on factory facilities	3,000	
Depreciation on office equipment	2,250	
Depreciation on factory equipment	1,550	
Indirect labour cost	1,400	
Utilities expense	600	
Factory Insurance expense	400	(40,150)
Net Loss		1,150

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Prior to August 2022, the company had been profitable. The company's president is concerned about the accuracy of the statement of profit or loss. As her friend, you have been asked to review the statement of profit or loss and make necessary corrections.

After examining other manufacturing cost data, you have acquired additional information as follows:

- 1) Inventory balances at the beginning and end of August were:

	Aug, 1	Aug, 31
	RM	RM
Raw materials	9,000	14,500
Work in process	10,000	7,000
Finished goods	15,000	25,000

- 2) 70% of the utilities expense apply to factory operations and the remaining amount should be charged to selling and administrative activities.

Required:

- a) Prepare a cost of goods manufactured schedule for August 2022. (15 marks)
- b) Prepare a correct statement of profit or loss. (10 marks)

[Total 25 marks]

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QUESTION 4

Selva Industries, a manufacturer of rain barrels, had the following data for 2021.

Variable costs:

Direct labour	RM60
Direct materials	RM130
Variable overhead	RM30
Variable cost per unit	RM220

Fixed costs:

Manufacturing	RM80,000
Selling	RM25,000
Administrative	RM30,000
Total fixed costs	RM135,000

Unit sold 1,200 units

Selling price per unit RM400

Required:

- Indicate the contribution margin in unit and ratio.
(5 marks)
- Using the contribution margin technique, find the break-even point in units and in Ringgit Malaysia (RM).
(5 marks)
- Indicate the margin of safety in Ringgit Malaysia (RM) and margin of safety ratio.
(5 marks)
- The company has a target net income of RM250,000. What is the company's required sales (RM) to meet its target?
(5 marks)
- The company estimates that total fixed cost will decrease by 20% and the variable cost per unit will increase 25%. What effect on the sales volume (unit) required to break even?

(5 marks)

[Total 25 marks]

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